



STATE OF MARYLAND

DEPARTMENT OF LABOR, LICENSING AND REGULATION

MARTIN O'MALLEY, Governor
ANTHONY G. BROWN, Lt. Governor
THOMAS E. PEREZ, Secretary

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March 11, 2009

The Honorable Joseph F. Vallario, Jr., Chairman
House Judiciary Committee
House Office Building, Room 101
Annapolis, Maryland 21401-1991

Re.: House Bill 844

Dear Chairman Vallario:

This letter is to inform the Judiciary Committee of our support of House Bill 844, as amended by Delegate Saqib Ali. HB 844 provides for important new consumer protections relating to civil judgment advances. It also clarifies that civil judgment advances are loans under Title 12, Subtitles 1, 3, 9 and 10, of the Commercial Law Article. As such, civil judgment advances are subject to regulation by the Commissioner of Financial Regulation to the same extent as other loans made under these provisions of law.

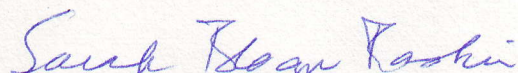
As to consumer protections, HB 844 requires the person making a civil judgment advance to provide substantive disclosures to the consumer receiving it. These disclosures must be in the consumer's native language and include the amount of the advance, an itemization of fees charged, the total dollar amount to be repaid, and the cost of the advance as an "annual percentage rate of return." The disclosures must also inform consumers of their five-day right of rescission, and that they may want to consult a tax, benefits, or financial professional.

HB 844 will further protect consumers by clarifying that civil judgment advances are loans. This will limit the interest rate that can be charged to a consumer to a reasonable amount. This protection is especially important given the current economic crisis in which many consumers are particularly vulnerable to predatory financial practices. Although we support HB 844 as amended by Delegate Ali, we could not support it without the clarification relating to loans as this might have the unintended consequence of weakening the existing Maryland lending laws.



For the foregoing reasons we request a favorable report on HB 844 as amended by Delegate Ali.

Very truly yours,



Sarah Bloom Raskin
Commissioner of Financial Regulation